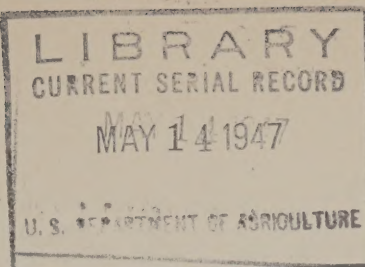


1.42
Ad 4 Agr

United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.



May 7, 1947

AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester
A. W. Manchester
Director, Northeast Region

LET'S GET THE
RECORD STRAIGHT

A well-worn saying around Washington is, "Let's get the record straight."

It's a pretty good guess that we would eliminate at least 90 percent of the mistakes and perhaps 50 percent of the arguments in this world if we would get the facts before we started in.

I want to list some of the facts bearing on a question that a great deal is being said about just now.

The subject is price support for farm products.

The charge is that government price support is responsible for present high food prices.

The conclusion the innocent bystander is supposed to arrive at is that, therefore, price supports are bad and ought to be done away with.

Now let's look at the facts -- at least as many of them as I have time for.

First, most of the really high prices are high solely because of supply and demand. Price support has nothing to do with it.

Take meat, for instance.

There is no price support whatever for beef or cattle. The price of beef cattle on April 15, the last regular reporting date, was 146 percent of parity. The reason was that the average American, in spite of price, is buying at least 20 percent more meat than he did before the war. It's the old law of supply and demand that we have so often heard idealized at work.

Pork is a little different. There is potential price support for pork. The law requires it -- at 90 percent of parity. But pork too was selling at this same reporting date at 146 percent of parity -- more than half again as high as the law calls for price support.

Beef has no price support; pork has price support (that is, potential price support) but both were at 146 percent of parity -- the law of supply and demand equally responsible in both cases whether there was price support or not.

(Continued next page)

(Continued from page one)

The same is true of most of the items in the whole food list. Very few have had any actual government price support for a long time. Potatoes is the one food that is the notable exception. But potatoes this year have never been really high-priced. The nationwide average price on April 15 was 86 percent of parity. It would have been very disastrous for consumers if we had not had potato price support. Even with the supported prices, according to last reports, farmers are planning to cut potato plantings 12 percent -- far below any government suggested reduction. Without price support we should have grave danger of a potato famine in the year ahead. Losses and low prices would have driven farmers to cut acreages even farther.

Egg prices were, in effect, supported back in January and February when they were sagging badly. They would be supported now if the price dropped below 35 cents a dozen -- that's the support level. Obviously, it's the 400 eggs a year that consumers are buying now that has shoved present prices far above support levels.

About the only other common food that is now price supported is turkey and if you look it up on the market you will find it one of the cheaper foods as compared with any ordinary prices.

As a matter of fact, price supports are set to operate only when foods are cheap. That is their purpose -- to prevent ruinous prices.

Quite a lot of the misunderstanding about price support seems to stem from confusion between government price supporting operations and government purchases for relief of the starving abroad.

The government, for instance, has in the past year been a very large purchaser of wheat and other grains. These are bought to help prevent acute distress and keep the world on an even keel. Foreign governments pay the bill in many cases but our government does the buying. The price paid is the amount required to get the goods. It has nothing to do with price support or price support levels.

Of course the foreign demand tends to raise prices. It would do it whether the U.S. Government or foreign agencies did the buying.

The only way it could be prevented would be to prevent export of grain.

Deciding whether to export grain--and how much--is primarily a question of what sort of neighbor we want to be and what sort of a world we want to live in. But it has nothing to do with price support and it should not be allowed to confuse the case for or against price support in any way.

Let's get the record straight! --- A. W. Manchester, Radio Transcription
Station WBZ, Boston, Mass. May 8, 1947.

"IT'S YOUR LAND"
NEW ACP MOVIE

"It's Your Land" is the title of a short 4-minute motion picture just completed on the Agricultural Conservation Program. The film is designed to impress city and farm audiences with the need for better care and improvement of the soil. Work farmers are doing in cooperation with the ACP and local elected committeemen is also included. Plans are to make both 35 mm and 16 mm prints available to State offices.

MARKETING RESEARCH TO
MATCH PRODUCTION

With the nation's farms producing about a third more than before the war there is a pressing demand for stepping up the research needed for meeting the marketing problems which this speed-up creates, E. A. Meyer, Administrator of the Research and Marketing Act of 1946, told a Seattle, Washington, audience recently.

He pictured the situation in these words: "Today we have American agriculture operating at high speed, going down the straightway at 60 miles per hour and around curves at forty. Now no experienced driver has to be told that a different problem arises when you have a blowout at 20 miles per hour and a blowout at 60."

Referring to the production increase he said:

"Our farmers are now in this sixth straight year of all-out effort. . . In that period milk production increased over 13 percent . . . Output of eggs jumped more than 23 percent. . . Production of chickens increased 33 percent. . . Cattle and calves - 43 percent. . . Wheat -- 48 percent. . . Most kinds of fruit - 57 percent."

Speaking of the possibilities of the Act he said: "It cannot work miracles but it can bring science more powerfully to bear on agricultural problems. The Act is very broad. It provides for the development of new uses, and the improvement of marketing facilities and services. It provides for research not only into long range problems, but into such short range questions as the immediate improvements that can be made, for example, in grading and processing farm products, and in the whole field of marketing."

FARM REAL ESTATE
MARKET STILL INFLATED

Despite further rises in prices of farm real estate, farm sales continued high during 1946. For the country as a whole, prices rose 12 percent, bringing average market values to a point 92 percent above the 1938-39 average.

Prospective land buyers need to be increasingly cautious and avoid debts that may turn out to be too burdensome to carry, the Department of Agriculture warns. The further sharp increases in land values during the last 4 months, along with the great number of transfers, reflect the continued operation of strong inflationary forces in the farm land market.

Apparently, many buyers are paying all cash for the farms they purchase and others are making substantial down payments. Compared with the previous year, commercial banks furnished more credit to finance farm purchases during 1946 and Federal lending agencies less.

Farmers are buying most of the tracts being sold, and more of the non-farm buyers are indicating an intention of operating rather than renting, the farms they purchase.

SOIL WASTE
IS CRIMINAL

In a letter to the Minneapolis Tribune of April 27, the Reverend John Pawelski of Taunton, Minn., says: "Robbing the soil of its fertility is a major crime. Soil conservation is a direct challenge to rural pastors, editors, farmers, county agents, and soil conservationists. . . The great task of conserving the soil, which should concern every community and the Nation, has only begun. Don't kill the soil, but keep it alive and fertile by adopting sound soil-and-water-conservation practices. Only 20 percent of the problems of soil conservation are technical, the remaining 80 percent are social and economic."

**TURKEY PRICE SUPPORT
PROGRAM ANNOUNCED**

To assure producers of price support throughout the normal marketing season, the Department of Agriculture has announced a support program for 1947-crop turkeys marketed during the period October 1947 through January 1948. Supports will reflect a national average price of 90 percent of the September 15 parity price. They will be announced about the first of October.

Turkeys raised this year probably will be fewer than in 1946 when 40,859,000 head were raised, and about 742 million pounds were marketed. For this reason, the Government's price-support program may prove unnecessary. However, the Department will be prepared to buy dressed turkeys from processors who certify that they have paid all producers not less than the support prices. The program is announced now to help producers plan their seasonal operations.

**DAVIDSON POINTS UP CLOSE TIE
BETWEEN CONSERVATION, HEALTH**

The close tie between the Agricultural Conservation Program and the nation's health is emphasized by Dave Davidson, Assistant Administrator for Production, PMA.

It is only in recent years, he explains, that we have really come to understand that how well the soil feeds us depends a lot upon how well we feed the soil.

"We have been prone," he says, "to look upon conservation practices as a kind of fulcrum which we can employ to raise production. But it does not necessarily follow that increased production of food means better food, pound for pound. In carrying out soil-building practices across the nation, we must turn increasing attention to those which improve the quality as well as the quantity of our food.

"This is a 'must' for continued national health, especially in view of the fact that we haven't yet halted soil loss and deterioration."

Davidson points out that the ACP is probably the most important of all links between the farmer and the consumer.

"It is our most important job," he declares, "because every dollar that farmers and Uncle Sam spend on conservation represents an investment in the health and welfare of everybody -- on the farm or in the city."

Importance of the soil to health is borne out by many experiments which show that there can be two or three hundred percent difference in the nutritive value of the same kinds and amounts of food grown on different soils.

"It is theoretically possible," Davidson says, "that two children could sit down at the table and eat two meals which were prepared the same, and look just alike, and yet one of them could be getting two or three times as much food value out of his meal."

**61 PERCENT OF 1946 ACP
PAYMENTS CERTIFIED**

The April 25 report for the Northeast shows 60.9 percent of the total estimated 1946 ACP payments certified.

Vermont led with 95.5 percent. New Hampshire reported

81.7%; Massachusetts, 81.1%; Connecticut, 75.7%; Maine, 62.8%; New York, 58.7%; Pennsylvania, 55.8%; New Jersey, 54.8%; Rhode Island, 38.3%.

GOVERNOR DALE WILL BE N.H.
CONSERVATION WEEK SPEAKER

Governor Charles M. Dale will be one of the principal speakers at a luncheon highlighting the observance of New Hampshire's first statewide Conservation Week, June 1 to 7, and will extend the greetings of the State to Secretary of Agriculture Anderson who is scheduled to speak at the meeting at Durham, June 3.

The Governor last week conferred with representatives of the State, Federal and civic organizations on plans for the special spring conservation program to acquaint New Hampshire with the fact that everybody has a stake in the soil.

With plans for the program shaping up rapidly, national attention has been attracted to New Hampshire's plan for acquainting people with the relationship of fertile soil to health with the theme, "The Land -- Our Heritage." Features of Conservation Week will be broadcast on a national radio network program, the CBS Country Journal of the Air, on June 7.

New Hampshire Granges will set aside the period from May 7 to June 7 for programs related to conservation of our agriculture resources.

In a letter to Pomona and Subordinate Granges outlining Grange participation in the program, J. Thornton Tripp, state lecturer, said:

"Every Grange in our state, from the largest to the smallest, is dependent upon the land for its very existence. We are dependent upon our land for the food for our bodies, for our clothing and for our shelter. Much of the recreation for which New Hampshire is noted is directly dependent upon the healthy condition of our soil.

"The land is our heritage. Let us keep the faith."

RYEGRASS SEED
AVAILABLE NOW

Farmers who want ryegrass seed for winter pasture and cover crops should be able to get a supply for early planting this year.

The Government has made about 18 million pounds of the seeds available for sale, and this will give dealers a chance to start right away laying in supplies for distribution to farmers. The seed is offered in carload lots (60,000 pounds minimum) of 100-pound bags at \$8.10 per bag for top grade seed, f.o.b. the Pacific Northwest for delivery at one point.

Distributors interested in furnishing seed to farmers for use under the Agricultural Conservation Program should get in touch with the county ACP committee for details on seed requirements and fair prices. Farmers also may obtain from the committee information about ACP payments which may be earned in connection with planting winter cover crops.

This is the earliest date ryegrass seed has been offered in recent years for fall planting. Greatest use of ryegrass as a winter cover crop is in the South, where an expansion in livestock farming requires larger acreages of pasture, hay, and winter cover crops.

BRITAIN BOOSTS
TOBACCO DUTY

Britain has boosted the duty on tobacco imports 50 percent bringing the price of cigarettes in England to about 68 cents a pack. About 85 percent of Britain's imports come from the U.S. Last year this amounted to 366 million pounds valued at \$220 million. This action of the British may have a marked effect on American tobacco sales because two-thirds of all flue-cured tobacco exported from this country went to the United Kingdom last year.

EASY DOES IT You don't have to compose long articles to tell local people what they'd like to know about the agricultural conservation and other farm programs. For instance, Roy L. Flatte, ACP administrative officer of Polk County, Ark., supplies material for a regular feature to the weekly paper under the heading "DID YOU KNOW?" The one-sentence paragraphs are readable, and interesting; and they put over the story. Maybe other counties would like to adopt the idea. Here's a sample column:

DID YOU KNOW?

THAT it takes one hundred years to build one inch of topsoil, on one acre of land.

THAT the average farmer could expect to be able to build more than one fourth inch on an acre of land if he lived to a ripe old age and practiced good farming methods all his life.

THAT Polk County has 52,461 acres of land classified as tilled land, 2,568 acres of commercial orchards, and 17,782 acres of pasture, or a total of 71,811 acres of land used for producing row crops, hay pasture, commercial fruit and livestock.

THAT a large percentage of this land has been in cultivation over a period of years, mostly in row crops, with very little thought of protecting it from erosion.

THAT unless some intensive planning in soil conservation is put into effect immediately, our grandchildren are not going to get much, if they inherit the whole plantation, lock, stock, and barrel, left by granddad.

PROMINENT AGRONOMISTS	Three top-flight New England agronomists will pick
TO SELECT BEST PASTURES	State winners in New Hampshire's Green Pastures
IN NEW HAMPSHIRE CONTEST	Contest, according to Earl P. Robinson, contest committee chairman.

Ralph Donaldson of Massachusetts State College, Paul Miller of the University of Vermont, and Ford S. Prince of the University of New Hampshire, were selected to judge the State contest being conducted along with the Conservation Week Program. The three judges are familiar with the State's pasture needs and conditions and are well qualified to select the farmers doing the outstanding pasture jobs in the State, Mr. Robinson said.

Mr. Donaldson is Extension agronomist at Mass State and has done outstanding work in fertilizing, topdressing, and pasture improvement. Mr. Miller is head of the agronomy department at Vermont and has done a great deal of research on forage crops. As head of the UNH agronomy department, Mr. Prince is well known to New Hampshire farmers for his work in grassland farming research.

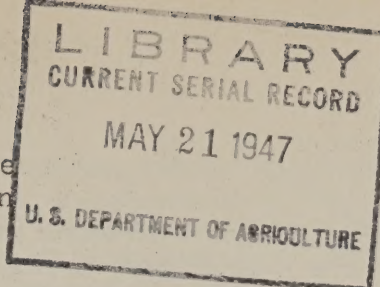
The judges will select the three top pastures in the state from winners in contests conducted in every New Hampshire county. Contest winners will be honored at a luncheon highlighting the observance of Conservation Week, June 1 to 7.

* * *

(Agriculture in Action -- Issued weekly and distributed in the Northeast to State PMA Committeemen, State Offices of Pma; Farmer Fieldmen, County Offices in Mass. Conn., Penna., N.J., and N.H.; County Committeemen in N.J., Penna., N.H. & R.I.)

1.42
Ad 4 Ag r
3
cop

United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.



May 14, 1947

AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester

A. W. Manchester
Director, Northeast Region

**POTATO 'SURPLUS'
ABOUT OVER**

Most of the record 90-million-bushel surplus of last year's potato crop has been disposed of outside the usual market outlets, the Department of Agriculture reports. Result is a better balance between supply and demand.

Shipments this winter and spring to foreign countries for relief feeding and seed use total 10 million bushels. Other potatoes purchased by the Government -- in millions of bushels -- have been diverted about as follows: Distillation, 33; livestock feed, 10; starch, glucose, and flour, 9; and public welfare, such as State and charitable institutions and the school lunch program, 3.

According to planting intentions, the 1947 potato crop will be one-fourth smaller than that of 1946, if yields are average. A crop of this size probably could be disposed of without a "surplus" problem. Acreage of commercial early potatoes for harvest this spring is estimated at 23 percent below the 1946 acreage.

Reviewing the potato export program, the USDA reports that the 10 million bushels purchased under the mandatory price support program, have been made available for relief feeding by foreign governments or UNRRA, and for shipment by the Army to occupation zones, at a token price of four cents per hundredweight at country shipping points. Comparable arrangements were made for commercial distribution through private exporters, at a price of 50 to 55 cents per hundredweight at county shipping points.

Other shipments under the export program were made principally to Belgium, France, Italy, Portugal, Spain, and Yugoslavia. Smaller shipments went to Albania, China, Korea, and Japan. While the high cost of dehydrated potatoes in relation to that of cereals, was in general a bar against purchase of potatoes in that form by foreign countries, Department officials said that under the export program private exporters have contracted for approximately 1.5 million bushels of potatoes for dehydration and shipment abroad, in addition to the fresh potato exports.

* * * *

Processors' intentions to plant or contract acreages of truck crops for canning or freezing indicate that acreages planted this year compared with last year might be 2.5 percent larger for sweet corn, about one percent smaller for tomatoes, 4 percent smaller for green peas, and 7 percent smaller for snap beans.

ACP INSURES CONSUMERS
AGAINST FOOD SHORTAGES,
SAYS DAVE DAVIDSON

An average of about \$2 per person a year for insurance against a shortage of food . . . That's how the Agricultural Conservation Program adds up for the consumer, according to Dave Davidson, Assistant Administrator for Production, PMA.

"The ACP costs each person in the nation an average of some \$2 yearly," he says, "but it's impossible to arrive at the tremendous profit realized on this investment because taking care of the soil amounts to taking care of life itself -- and who can estimate the worth of life? But just for a sample, let's take the spreading of lime and phosphate, perhaps our two most important conservation practices.

Calcium provided by lime, along with phosphate builds good bones, and strong teeth. Men, and animals, too, must have calcium to stay alive. If there isn't enough available calcium in the soil, we won't get enough from the food grown there. And it is very likely that none of us is getting enough calcium."

More than three times as much lime is being put on the land annually than prior to the start of ACP in 1936, Davidson said. In the case of phosphate the yearly increase is approximately 12-fold.

"And yet," he declared, "even today our estimated need for lime is more than twice what we're getting on the land. In the case of phosphate, estimates show a need for eight times as much."

DRY BEANS PRICE
SUPPORT PROGRAM
ANNOUNCED BY USDA

Prices of the 1947 dry edible bean crop will be supported by means of (1) price-supporting agreements with growers, (2) loans to growers on warehouse and farm-stored beans, and (3) price-supporting agreements with dealers in areas where necessary.

The support prices will be based on 90 percent of parity as of August 15. On April 15, 1947, 90 percent of parity was \$6.98 per hundred pounds; on August 15, 1946, it was \$6.19.

Farmers have indicated their intentions of planting 1,889,000 acres to dry edible beans this year. This would be about 11 percent greater than last year's acreage, and with average yields would produce 16.3 million bags of 100 pounds each of uncleaned beans. The 1946 production was 15.8 million bags.

The price differentials establish the spread between (1) the returns on cleaned, bagged, and graded beans of the classes to be supported, and (2) 90 percent of the August 15, 1947, parity price reported by BAE for unclassified field run beans. The contemplated differentials per 100 pounds, net weight, of U.S. No. 1 cleaned and bagged beans f.o.b. cars at country shipping points are as follows:

<u>Class</u>	<u>Differentials</u>
Pea and Medium White	\$ 7 .45
Red Kidney	7 1.95

LATENESS OF SEASON
AND EXCESSIVE MOISTURE
AFFECT SPRING CROPS

Prospects for spring-sown crops on May 1 were still dimmed by the backwardness of the season, but fall-sown crops showed improvement. Ample to excessive moisture in most areas has been a factor in delaying spring work past the optimum time. Farmers have been unable to complete seeding of intended acreages of spring grains, particularly oats.

If May weather permits, farmers will shift to corn and other crops for which the best planting dates come later. This could result in a larger aggregate production, since corn produces more per acre than oats in the affected areas. Perhaps more oil crops will be planted than farmers intended earlier. The condition of fall-sown crops, particularly winter wheat is rather uniformly good.

Grasses, meadows, and pastures have developed slowly, but are reported in good condition. Hay stocks remain relatively large, though they have been exhausted in some local areas by late feeding requirements. Fruit has progressed slowly east of the Rocky Mountains but will be susceptible to damage by May frosts. Winter wheat has suffered less acreage loss than indicated earlier and has improved in condition in practically all major areas. Production is now expected to exceed a billion bushels for the first time in history. Rye yields are expected to be above average on a relatively small acreage for harvest, with production above last year.

Spring truck crops are expected to produce about one-eighth less than last year's record tonnage, but will be above average. Early potatoes, except in Texas and California, were planted later than usual and have developed slowly. Production for late spring harvest is now estimated only about two-thirds as large as last year. The hay crop will be smaller than in either of the past two years, but a relatively large carry-over of old hay will furnish an ample supply per animal unit. Pasture condition is lower than on May 1 of the past two years, but above average.

NEW ENGLAND STONE
WALLS SOON TO BE
'THING OF THE PAST'

The historic stone walls of New England which perhaps served their best purposes as bulwarks for the minuteman, are about to disappear.

Once the symbols of permanence in agriculture, the old walls and their companion-pieces, the brush hedges, will be discarded to make room for more efficient and even more permanent farming methods.

They are being removed by one of agriculture's most modern implements -- the bulldozer. Stones from the walls will be pushed into a trench and covered with dirt. The project got underway at the end of the war, when such heavy machinery became available.

Farmers have wanted to get rid of these colorful but cumbersome structures for years. The brush hedges weren't so much trouble, but there was no way to remove the heavy stones in the walls except by the "grunt and groan" method -- the only available one to the oldtimers who had dug them out of the hillsides when the land was new.

The removal of the walls and hedges will bring about a decided change in farming operations in New England. Heretofore, the small fields have made contour farming, construction of waterways, and machine farming impractical. County Committees in that area expect farmers participating in the ACP to carry out a greater variety of conservation practices as a result of the removal of the stone fences.

18 PERCENT OF LIME ORDERS DELIVERED

With an April 30 goal of 25 percent of the total estimated lime tonnage delivered, the nine Northeast States reported on April 25, 18 percent delivered. Individual State

reports follow:

State	Estimate of Tonnage to be Ordered	Tonnage Rec'd from County Offices	Percentage of Estimated Tonnage	Deliveries Reported by Suppliers	Percent of Estimated Tonnage
Maine	87,710	40,682	47%	18,833	21
New Hampshire	44,156	22,920	52	7,106	16
Vermont	68,616	68,148	99	32,352	47
Massachusetts	79,256	54,023	68	16,946	21
Rhode Island	9,750	5,350	55	2,223	23
Connecticut	68,017	42,140	62	9,993	15
New York	795,222	437,900	55	110,308	14
New Jersey	69,172	57,603	83	36,315	52
Pennsylvania	829,503	483,589	58	135,154	16
Total	2,051,402	1,212,455	57	369,230	18

CHURCHES OBSERVE "SOIL AND SOULS SUNDAY".

"On Sunday, June 29, we shall again observe Soils and Souls Sunday in the Southwest. So widespread was the observance last year that FARM AND RANCH

is again asking all the ministers of the Southwest to devote a sermon to Stewardship of the Soil on that day.

"We urge all our readers to enlist their pastors in this observance. Special literature and sermon helps can be obtained by writing FARM AND RANCH. You can assist your pastor by obtaining these helps for him. A letter or a postcard will bring you an envelope full of printed material.

"It is a responsibility we hold to our Creator in maintaining the soils given us. We can think of no one in our communities who can better present this challenge to us than our local pastors. It is to them we turn on this day for this leadership in this great responsibility of stewardship.

"We are challenged by the destiny of our soils -- we cannot neglect the destiny of our soils." -- Arthur B. Kennerly, Editor, Farm and Ranch, Dallas, Texas, May 1947.

LIVESTOCK PRODUCERS GET FUND PROTECTION

Livestock producers from now on can have additional protection of their sales proceeds under an arrangement worked out by the U. S. D. A. and the Federal Deposit

Insurance Corporation.

The plan will be similar to the insurance protection provided on personal bank accounts. When a commission firm deposits in separate "custodial" bank accounts shippers' funds representing proceeds from sales, such funds will be insured up to \$5,000 for each shipper having an interest in the account. So the shippers' sale proceeds on deposit are protected even though the bank fails before the commission firm's check in payment of the net proceeds is cashed by a shipper.

This protection is in addition to that afforded livestock shippers by proceeds bonds of about \$28 million now on file with the Department to assure performance of financial obligations incurred by registered commission firms.

NORTH CENTRAL POTATO
MARKETING ORDER REACTIVATED

The U. S. Department of Agriculture has reported that steps are being taken to place the marketing order regulating the handling of Irish potatoes grown in the States of Michigan, Wisconsin, Minnesota, and North Dakota in operation during the 1947 season.

Department officials said potato industry representatives of this area, known as the North Central area, recommended operation of the program as a means of keeping low quality potatoes off the commercial markets and supplying the consumer with a better quality potato.

The order, which was issued in 1942, but which has been inoperative during the war period, provides a method of regulating by grade, size, and quality all shipments of potatoes grown in this four-State area. It will be administered by the North Central Potato Committee.

POULTRYMEN FACE BOTH
GOOD AND BAD PROSPECTS

For the second half of 1947, poultrymen face both good and bad prospects. Supplies of all poultry products compared with the last half of 1946 will be significantly smaller, but demand may also be lessened. If business activity declines and there is a decrease in demand for all foods between now and the end of the year, egg prices will increase less than seasonally while chicken prices will decline moderately. Turkey prices may not change greatly because of sharply lower supplies. Another factor tending to depress prices of poultry products during the latter part of 1947 is the likelihood of larger supplies and lower prices of red meats. A seasonal increase in egg prices would be about 35 percent, chicken prices normally decrease slightly, and turkey prices increase somewhat.

Egg production for the second half of 1947 probably will be 4 to 8 percent below the corresponding period of 1946. But supplies will show greater disparity because the into-storage movement this year is substantially below last year. Chicken supplies will be about 10 percent less, and turkeys at least 15 percent below.

PERCENTAGE OF ACP
PAYMENT CERTIFICATIONS
UP SLIGHTLY MAY 2

For the period ending May 2, 1947, the Northeast State reports show 68.4 percent of the total 1946 ACP payments certified for payment, an increase of 7 percent over last week's report. Vermont reports 95.5 percent certified; New Hampshire, 81.7; Massachusetts, 81.2; Connecticut, 77.6; Rhode Island, 65.9; Maine, 69.8; New York, 69.6; Pennsylvania, 65.7; and New Jersey, 54.8.

* * *

---"It's Your Land," the new 4-minute ACP movie trailer, has been sent to State offices in 16 mm size. The 35 mm prints will be sent in the near future for use in regular theaters by arrangement between county committees and theater managers. The 16 mm size is suitable for showing to committees, and with other pictures to schools and vocational agricultural classes, civic groups, etc.

Radio Transcription
A. W. Manchester, Director
Northeast Region, Field Service Branch
Production and Marketing Adm., USDA
Station WCSH - Portland, Maine
May 1947

Prices are the Number 1 question of the day. Most of the people that I talk with agree that it is a good thing that they are.

Of course, it's the difficulty of making both ends meet with prices in the clouds that disturbs most folks. But a good many realize too that those same high prices are pushing us closer and closer to the edge of that thing we dread after the experience of the 30's that we call a recession when we are optimistic or a depression, when we get really scared.

Why too high prices can be a depression cause is now pretty well understood. It is because people aren't able to pay the prices and not slow down on buying. When buying slows down, that throws people out of work and their buying power drops again.

In old theory, when buying slows down, prices are supposed to drop and people are able to buy again so that the trouble is automatically corrected.

But everybody knows that the prices of a great many things don't react like that now. They are fixed by the manufacturer, or by the bank that has extended credit to the manufacturer, or some other group or combination of groups.

If you will look up what changes occurred in prices during the whole long depression of the 30's, you will find that prices of a great part of manufactured goods never dropped to any appreciable extent. Production and sales fell way off, but not prices.

I am not criticising this. I am simply pointing out that depressions are no longer automatically self-correcting through prices dropping enough to restore buying power.

One thing that farmers especially don't like about a depression is that farm prices still act in the old fashioned way. They go way down while the prices of a good share of the things farmers buy stay right up.

Other groups suffer, too, but many of them are hurt more by the falling off in demand for their goods or by being out of a job than they are by a drop in the prices of the goods or the hours of labor that they have to sell.

But to get back today . . . The country's official Council of Economic Advisers has been calling for a drop in prices to avert trouble ahead -- so has the President and lots of other people. We read and hear about prices every day.

Naturally, with the pressure on to reduce prices, the next question is, "What Prices?"

Naturally, too, almost nobody wants the reduction to hit the things he has to sell -- that is, at least until other prices have gone down first. It's human to like a nice, juicy profit.

(Continued next page)

(Continued from page 6)

It's not surprising, either, that there is a great deal of demand for a drop in food prices. I don't need to tell the reasons why. You all know them. If you don't, you can read them in almost any paper. . .

Obviously, if prices are to come down -- and they ought to -- there must be some right and wrong to the question of which should come down first.

It is important, I think, that we American people, consumers and producers alike, arrive at some degree of agreement on what that right and wrong is -- what order of drops in prices will help most.

There are, I am sure, a great many considerations that have a bearing on what prices ought to come down. I don't have time to mention more than two of them.

The first is simply the matter of fairness. . . The drops in prices ought to be in the lines that can afford it -- where the "killings" are being made -- and made not because of unusual efficiency but because of prices that are far out of line with costs. Adjustment in prices ought to broaden the opportunities for the many to earn fair incomes -- not penalize the many for the over-enrichment of the few.

The second consideration may be a little harder to get clear, but it is very important -- so important that every person ought to make sure that he understands it. None of us is in a position to judge constructively about prices until we do understand it.

Prices aren't just something that decides whether you or I can afford a new suit or a new dress or a steak for dinner. They determine not alone how much you or I can buy with the dollars we have, but equally how many dollars we have to buy with.

If you have something to sell, whether you raise potatoes or make autos, a higher price of the thing you have to sell means that you have more money to spend -- a lower price means that you have less. Changes in prices shift the distribution of the country's dollars from one set of producers to another. If my prices rise and yours drop, I have more money to buy with; you have less.

Now, suppose that there is somebody who has more dollars than he wants to spend either for things to use or to build a new plant or improve an old one. It's hard for you and me to imagine that, probably, but there are some such people and corporations. If such a man's prices go up, he has still more dollars to pile up in unused savings.

Now, I'm not against savings, and I'm not against any man having lots of money. I wish everybody could. But, here's the point. The dollars that he can't use aren't creating any demand for goods -- aren't giving anybody a job. If somebody else's prices -- somebody who needs the money to spend or use -- had been a little higher and he had gotten those dollars, they would have gone right to work creating more demand more jobs, more prosperity.

Prices have to be such -- if we are to have steady, continuing prosperity -- that they put the dollars received for goods into hands that will use them either to create, improve or maintain the tools and plants and farms that we use to produce things with or to buy goods.

(Continued next page)

(Continued from page 7)

Prices should be such as to yield profits -- profits enough to encourage investment where investment is needed and to produce the capital that is needed for new plants, improvements, etc. Prices that yield profits beyond that are excessive prices and destructive to prosperity.

In my thinking prices have to be judged, if they are to be judged constructively, on these two grounds: (1) Do they help toward a fair sharing of what prosperity we have? (2) Do they help maintain that full buying ability that is essential to continuing prosperity?

It is from these two standpoints, I believe, that food prices ought principally to be judged.

Two sorts of people are on the receiving end of food prices -- those who handle and sell the food, and the farmers who produce it. Roughly, each gets about half, just now, of what the consumer pays.

I am not going to discuss the half that the processor, wholesaler, and grocer divide between themselves. Whether they are getting too much should be submitted to the two tests that I have listed. I don't know the facts.

But I do know something about the farmer. Probably most of you do.

To what extent is he getting too much in the sense that he is unduly prosperous as compared with other folks? According to the official figures, in 1946 the average farmer in the country got, including the value of the things he produced on the farm for his family's use, just a little under one-half as much as the average other person in the country. Average per capita income of farm people last year was \$626, as compared with \$1300 average for other people.

Of course, a lot of people not on farms didn't get that \$1300 per person either, but it is a serious question as to whether we can make the situation any fairer by cutting the prices and consequently the incomes of any group which is already far below the average.

Now, as to the other basis of judgment as to whether prices are too high. Are food prices giving farmers a lot of money that they are hoarding, or do the dollars that farmers get go right to work paying off bills and buying things for the farm and the farm family? -- go right to work maintaining national prosperity. Personally, I don't think that there are any busier dollars anywhere than farmers' dollars.

I would be the last to maintain that no food prices are too high. I could, if I were pressed, name a few that I am suspicious of. But I am sure that any general attack on food prices -- at least the part of food prices that the farmer gets -- is barking up the wrong tree.

As a matter of fact, our agriculture, by virtue of an almost incredibly rapid improvement in farm efficiency, combined with present prices, is just emerging into a place where it can share a little of the sun with industry. A serious drop in the prices that the farmers receive would plunge farming back into the dark and bitter years -- a distress that consumers would eventually share through unemployment, depression and scarcity.

424421
United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

LIBRARY
CURRENT SERIAL RECORD

MAY 27 1947

U. S. DEPARTMENT OF AGRICULTURE

May 21, 1947

AGRICULTURE IN AGRICULTURE

3
Dear Committoemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester
A. W. Manchester

Director, Northeast Region

GOVERNMENT ASSISTANCE NECESSARY There is one question that has been asked so many times lately that I'd like to try to answer it.
IN CONSERVATION WORK

It goes something like this. "I understand the necessity of stopping soil erosion. Anybody can see the damage that that does. But I can't see the justification for paying part of the cost of lime and fertilizer that a farmer uses on his crop land."

The questioner generally goes on to amplify the grounds for his doubts more or less along these general lines. "It pays to use this lime and fertilizer. The farmer who buys them gets his money back and then some. Why should the government pay part of the farmer's operating expenses under the name of soil conservation? It looks like a handout. Farmers are doing pretty well nowadays. There isn't even the excuse that the farmer hasn't the money."

Well, I'll have to admit that that puts it up to me pretty straight for I am one of those who believe that helping farmers use more lime, phosphorus and potash for conservation purposes is a mighty good thing to do -- good for the country -- not just for the farmers.

Incidentally, there are more than a few of us who earnestly believe in the program for getting more essential minerals into our soils, partly at the public expense. There are hundreds of thousands who agree. The number includes, I am confident, most of those who thoroughly understand the need and what is being done about it.

That, of course, doesn't prove that it is right. We may all be wrong. Majorities have been wrong before now. But we have reasons that are convincing to us. Here is about how those reasons go.

Let's start with some facts that nobody can disagree with. First, a great part of the soils in the older parts of the country are seriously depleted of minerals. As a consequence, yields are greatly lowered and many of the very important crops such as alfalfa and the clovers will hardly survive at all until the minerals are restored. Extensive laboratory tests now under way reveal even more startling shortages than crop troubles had led us to expect.

Second - In many areas economical and successful farming is practically impossible without the crops that depend on the minerals. Costs of milk production, for instance, are prohibitive.

Third - Farms without the minerals run down in productivity and value and go on toward abandonment. Those who farm them are able to give less and less support to their communities as taxpayers, as customers for local stores, as contributors to local churches and institutions of all sorts. Communities made up of farms with depleted soils run down while their tax rates soar, and they become greater and greater burdens on their respective states.

Fourth - What crops can be grown on depleted soils are themselves depleted -- low in nutritive value. Cattle fed on them often suffer from malnutrition and deficiency diseases unless expensive purchased supplements are used. Human foods raised on such soils meet the needs neither of growing children nor adults. Foods shipped in from virgin soils elsewhere have in the past given protection to those who could afford them. But those virgin soils, too, grow old fast and that protection is temporary unless their mineral content is maintained. If we want to be a husky, strong-boned, healthy people, our first concern must be for the soil that produces our food. For many troubles, hospitals and dentists are inadequate and costly substitutes for foods from mineral-rich soils.

So far these facts prove that it is mighty important to farmers, to rural towns, to states and to all who eat food raised on the land, that the mineral content of our soils be built up to the point where they will produce the right crops, produce them economically and fill them with health-giving nutrients.

"They do not prove that the government ought to share the cost. It's the farmer's business to produce food," the doubters say. "Why should the state provide minerals for soil any more than it provides tires for auto manufacturers?"

This calls for some more hard facts. Until we had the agricultural conservation program, farmers were using only a small part of the necessary lime and phosphorus. The land on a great part of the farms was growing more and more exhausted and dragging farms, communities and people down with it.

With the program, the use of minerals has expanded greatly, retarded only by inadequate manufacturing capacity. With the expanding use of lime, phosphorus and potash, a new vigor is spreading through the agriculture of the older farming areas. It would be silly to attribute improving general health solely to this one cause. Many things are working to make us a healthier people. But many who study those things closely are sure that better food is playing a significant part.

There can be little doubt in honest minds that the agricultural conservation program has been responsible for most of the increase in the use of minerals for conservation purposes.

But now the question is, "Wouldn't farmers keep on using these minerals if the program were dropped?" This question, of course, steps into the field of opinion. A nation-wide canvass of opinions has been made, polling mainly farmers who are giving some supervision to the operation of the conservation program.

Admittedly this is a selected group. They may be biased. They don't all answer just alike either. But in general the answers are pretty similar. These men say that if the program were stopped or cut down sharply, farmers would continue to use more minerals, a good deal more than they used before we had the program. Many farmers have been convinced by their experience, of the value.

But they wouldn't use anything like present amounts. The reports agree on that. They would use far less -- some say half as much, some more, some less.

Few who know the facts can deny that a drop of a half or two-thirds would be a calamity -- to farmers, yes -- but increasingly and eventually to Americans everywhere.

But there are some who don't believe that the government ought to help supply these materials, anyway. That issue goes back to the question of what the business of government is. Not everybody agrees on that.

But for those who agree that the government exists to get those things done that it constitutionally can that are necessary to the welfare of the country and that won't be done if the government doesn't lend a hand, the case is pretty convincing. Maintaining soil fertility won't be done without government help, and it can be done with it. It is mighty important to the welfare of all of us that it be done.

That's about the case, as I see it, for the type of conservation work that involves government assistance in maintaining the basic fertility of the country's soils.

(Radio transcription by A. W. Manchester, Director, Northeast Region, Field Service Branch, Production and Marketing Adm., USDA, May 22, 1947, Station WBZ, 6:15 a.m., Boston, Massachusetts.)

RECORD WHEAT CROP Farmers may produce a billion-bushel winter wheat crop this year, **PREDICTED** recent reports show. This would be about 17 percent more than the previous winter wheat record of 874 million bushels produced in 1946. The 1936-45 average is 654 million. Acreage remaining for harvest is the largest since 1919.

Wheat came through the winter in unusually good condition, and other fall-sown crops have shown improvement during the last several weeks.

Prospects for spring-sown crops, however, are still dimmed by the backwardness of the season, and heavy rains have delayed seeding of spring grains, particularly oats.

This may cause some farmers to shift to corn and other crops for which the best planting dates come later. It could mean more oil crops and flax if the cost and supplies of seed permit. Plowing for these late crops has been delayed, but with modern mechanical equipment little fear is felt as yet.

Prospects for the rye crop indicate a production of 25 million bushels, 32 percent above last year's, but about 35 percent below the 10-year average. Grass and pastures got a late start but are in promising condition; hay production is indicated at about 100 million tons.

WHEAT, CORN LOAN Almost 22 million bushels of the 1946 wheat crop went under govern- **TOTALS ANNOUNCED** ment loans, the Department of Agriculture announced. Over 13 million bushels of this was stored on farms and nearly 9 million in warehouses. The average amount advanced was \$1.45 per bushel, including some transportation charges. This total compares with loans last year covering 59.7 million bushels.

But as of April 30, loans on nearly 18 million bushels had been repaid, leaving loans on only 4 million bushels still outstanding, most of this stored on farms.

The Department also revealed that loans have been made on 24.5 million bushels of 1946 corn. On April 30 of last year loans had been completed on almost 3 million bushels. The average loan on the '46 crop amounted to \$1.08 per bushel.

- - - - -

What we eat, what we wear, what we live in came from the bounty of the land. Each time a pound of produce is harvested something is gone from the soil. Each time it rains and dirt washes into streams, each time the wind blows the soil off our acres, something is gone that only conservation practices can replace. The productivity of the soil concerns us all -- in the price of food and clothing we buy, in the quality of food we eat. (Editorial, Camden Daily News, Camden, Ark., April 15, 1947.)

CORPORATION EARNINGS 131 PERCENT
ABOVE YEAR AGO, NATIONAL CITY
BANK OF NEW YORK REPORTS

Reports now available for 385 companies in the manufacturing, mining, trade, and service industries for the first quarter of 1947 reveal a tendency for earnings generally to level off, following the progressive rise during the last year to the high point in the final quarter as a result of the great expansion in volume and rise in commodity prices, according to the National City Bank of New York. Combined net income after taxes was \$671 million, compared with \$683 million in the last quarter of 1946, a decline of 2 percent, with nearly half of the number of reporting companies showing decreases.

Compared with the first quarter a year ago, however, earnings in the aggregate show a large increase, net after taxes, rising from \$291 million to \$671 million, or by 131 percent.

Net Income of Leading Corporations for the First Quarter

Net Income is shown as reported -- after depreciation, interest, taxes, and other charges and reserves, but before dividends.

(In Thousands of Dollars)

No. of Cos.	Industrial Groups	Net Income		Annual Rate of Return %	
		1st Qr. 1946	1st Qr. 1947	1st Qr. 1946	1st Qr. 1947
21	Food products	\$ 22,295	\$ 44,609	12.5	23.1
18	Pulp and paper products	7,895	22,469	10.5	24.0
38	Chemicals, drugs, etc.	95,611	100,716	18.9	18.2
17	Petroleum products	60,464	93,832	7.6	11.1
16	Cement, glass and stone	6,448	22,942	5.3	16.4
29	Iron and steel	17,560	111,844	2.1	13.1
11	Electrical equipment and radio	D-34,631	33,374	---	16.5
29	Machinery	1,787	12,626	1.7	10.4
26	Autos and equipment	D- 3,311	49,216	---	25.1
64	Other metal products	18,650	61,290	6.3	19.1
53	Miscellaneous mfg.	50,506	69,031	22.5	26.3
322	Total manufacturing	243,274	621,949	7.0	16.5
26	Mining and quarrying	13,079*	20,862*	9.2	13.2
24	Trade (wholesale and retail)	28,730	23,438	20.1	13.4
13	Service industries	5,720	4,626	12.9	9.8
385	Total	\$290,803	\$670,875	7.6	16.1

* Before depletion charges in some cases. D-Deficit.

An index of prices of 12 basic foods compiled daily by the Bureau of Labor Statistics rose 18 percent between the end of January and the middle of March, the National City Bank of New York reports. It turned down sharply at the beginning of April, and at the end of the month was back to the January level. The index, however, is still roughly 20 percent above its level last fall, before the decontrol of livestock and meats, and more than 60 percent above the level prior to the temporary expiration of OPA on June 30.

USDA ANNOUNCES 1947 FALL PIG GOAL Market. The Department of Agriculture last week recommended a 1947 fall pig production goal calling for farmers to keep 15 percent more sows than they kept to produce the 1946 fall crop now coming to

PARITY RATIO INDICATES FARM NET INCOME ABOUT 4% BETTER A straight comparison of the change in the parity ratio in comparable periods of 1946 and 1947 gives an indication that farmers' net income is only 4 percent greater in the first four months of 1947 than in the same period of 1946. This is in spite of the fact that farmers' gross income is 26 percent larger than a year ago.

Assuming no material change in quantity of farm products sold by farmers, the parity ratio table shown below gives prices received by farmers as a percent of prices paid by farmers in the first four months of 1946 and 1947. For example, in April 1947, the parity ratio of 120 indicates that the level of prices received by farmers as related to the level of prices paid by farmers is 20 percent higher than in the parity base period (1909-1914), or 3 index points higher than April 1946. During the four months of 1947, however, the average is about 4 percent greater.

FARM PEOPLE BETTER OFF NOW -- GET ALMOST HALF AS MUCH NET INCOME AS NON-FARM PERSON The economic position of agriculture as a whole in relation to the non-agricultural segment of the national economy is certainly better than at any time during the twenty year period prior to World War II. However, per capita net income of persons living on farms is less than half that of non-farm people.

This relatively favorable situation will, however, be most certainly of very brief duration if history is allowed to repeat itself.

A reasonably good measure of the comparative welfare of the agricultural and non-agricultural interests is the net income per person in each group. The table below shows farm and non-farm net income per person, in dollars.

According to the May 8, 1947, Census Report, the median average size of Uncle Sam's families show --

U. S. Median	--	3.32 persons
Rural non-farm	--	3.27 persons
Rural farm	--	3.88 persons
Urban	--	3.21 persons

Net Income Per Person
(Dollars)

Year	: Persons : : on farms:	: Persons not : : on farms	Year	: Persons : : on farms:	: Persons not : : on farms	Year	: Persons : : on farms:	: Persons not : : on farms
:	: 1/ :	: 2/ :	:	: 1/ :	: 2/ :	:	: 1/ :	: 2/ :
1919	319	762	1929	223	871	1939	173	663
1920	265	878	1930	170	761	1940	181	721
1921	119	720	1931	114	605	1941	253	850
1922	153	718	1932	74	442	1942	389	1,046
1923	180	815	1933	93	419	1943	522	1,250
1924	180	792	1934	111	488	1944	550	1,320
1925	223	812	1935	159	540	1945	585	1,294
1926	216	858	1936	171	626	1946*	626	1,300
1927	209	820	1937	197	671	* Preliminary -- will be revised in June 1947.		
1928	222	830	1938	165	622			

1/ Per capita net income from farming of persons living on farms (does not include income from non-agricultural sources).

2/ Per capita net income of persons not living on farms.

FOOD PRICES NOT DUE
TO PRICE SUPPORTS

Stories going around that Government price supports are causing high food prices show a complete lack of understanding of the program's provisions.

Government price supports are to provide a floor, so that prices of farm commodities won't fall below what farmers need in order to stay in business. For most of the major farm products the floor is fixed at 90 percent of a "parity" price. Actually, market prices for most commodities today are well above the price-support figure.

On April 15 the average price farmers received for a bushel of wheat was \$2.40, whereas the average amount advanced to farmers who stored 1946-crop wheat under loan was \$1.45 per bushel. The fact that loans on only 4 million bushels of the 22 million placed under loan are still outstanding is another indication that wheat is going into the market and not being held under loan as a price-support measure.

The food price situation today is generally the result of strong demand, both at home and abroad, for the things farmers produce. But farmers have the assurance that the program is there to protect them if they need it.

Regarding the Government's program for potatoes, which is being used to support prices, enormous potato supplies were unduly depressing farmers' returns. The large production was due to a favorable combination of good weather and extremely high yields. On April 15 the average price received for potatoes was 14 percent less than the parity price, which made it mandatory under price-support legislation for the Government to take action.

Previous price-protection measures were expanded during the war to enable farmers to increase their production to fill almost unlimited needs for certain commodities.

As Secretary Anderson recently said, prices for food today might be much higher if farmers hadn't succeeded in breaking one production record after another.

FOOT-AND-MOUTH
CAMPAIGN
INTENSIFIED

Already, about 18,000 animals have been slaughtered and buried in the campaign to stamp out the foot-and-mouth disease in Mexico. Slightly more than half of these were cattle, and the rest were sheep, swine, and goats.

In addition, about 75,000 apparently healthy animals have been sent to slaughter in the main quarantine zone in southeastern Mexico, in order to reduce the numbers of susceptible livestock in that area.

About 12,000 oxen -- used by Mexican farmers for draft purposes -- were included among the animals slaughtered. These are being replaced by mules, which are not susceptible to foot-and-mouth disease. Estimates are that 50,000 more mules will be needed; 5,000 have already been obtained from northern Mexican states. The USDA has just announced a program under which mules will be purchased for the Mexican government. This service will be on a completely reimbursable basis.

Tractors too will be used by the Mexican government as replacements for oxen where conditions justify.

Prices of farm products are at an all-time high. That is because the demand is very great both at home and abroad. In fact, prices of farm products have risen further in relation to prewar prices than any other commodities.

In foreign countries, especially those devastated by war, people are suffering from lack of food and clothing. Their farms are not operating at prewar capacity. The war destroyed fertilizer plants, railroads, and other means of transportation. Until this wreckage is repaired, people in these areas will be faced with malnutrition, if not starvation. At best, food will be scarce. Many of these people have already been rationed for five or six years. They must still endure great hardships.

In our country the demand for farm products has greatly increased from prewar days. This is due to the fact that more of our people than ever before have enough money to buy food, even at very high prices. The removal of price controls and rationing set the stage for the price increases. The basic causes were the abnormal supply of money on the one hand and the shortage of farm products on the other. If price controls and rationing had been kept, the rise in farm prices undoubtedly would have been far less. Whenever demand is as great as it has been during the war and still is, we have to choose between controls or inflation. Unfortunately, too many people thought it was not necessary to have either.

Sometimes we hear it said that Government price supports have driven prices up. That is a fallacy. Price supports are well below the level of current prices. If farm prices were down to the support levels, I think that consumers would be quite satisfied. In fact, farm prices could decline on the average of about 30 percent before they would reach the support levels. How soon present farm prices will recede is not easy to predict. It will first be necessary to know how much relief must be sent abroad. Domestic demand is not likely to decline as long as we have a high level of employment. If there is a good harvest this year, not only in the United States but in other surplus areas such as Canada and Argentina, we can expect export demand, which is four or five times pre-war level, to decline sharply. Farm prices in this country will certainly fall under those conditions. If the crops turn out well, farm prices are likely to decline materially before the end of this year.

Another factor that may have an important bearing on export demand will be the inability of foreign customers to get enough dollars to pay us for their purchases in this country. Remember, their manufacturing plants have been badly damaged by the war. Their domestic shortages are severe. Therefore, they cannot export enough to us to get the American dollars they need.

Postwar export demand for agricultural commodities will be just as important as it was before the war -- in fact, it may be even more important. Farmers must consider the export business very carefully. If they will remember that we can export just as many dollars worth of products as we are willing to accept from foreign countries so the imports will balance with the exports, they will have a good idea of the volume of our exports. In other words, if imports slow down or cease, exports will do the same thing, unless of course they are artificially stimulated by loans.

If the farmer studies the future (and he must because he has to plan his crops long in advance), he will see a period of uncertainty ahead. He knows the Government support program will operate through 1948. Beyond that he cannot be certain. To be on the safe side, he will avoid all indebtedness except for his current operating expenses. Certainly, he will not purchase high-priced land and go into debt for it. If he has excess funds, he would be wise to invest them in Government bonds and wait until the course of economic events is clearer. Farmers are in a strong financial position at this time. If they are prudent, they will be better able than ever before to cope successfully with tomorrow's problems. -- R. M. ("Spike") Evans, Member, Board of Governors, Federal Reserve System, CBS, May 17, 1947.

HUNGER CONTINUES DESPITE
HUGE GRAIN SHIPMENTS

Despite shipment of unprecedented quantities of grains from this country to needy countries abroad, hunger and starvation face the people of many lands.

Recent reports from abroad indicate large reductions in food production as a result of a severe winter. This, coupled with a continuing war-disrupted agricultural industry, will result in smaller daily food rations for the coming 2 or 3 months in nearly every nation on the continent.

Thus the food crisis continues even though the U. S. export program has been greatly stepped up. Exceeding the year's export goal in April, the United States will probably ship as much as 525 million bushels of grain and grain products by July 1. The 400 million export goal established for the marketing year from June 1946 to July 1947, was passed in April when shipments brought the 10-month total to 425 million bushels. This, with allocations made for shipment in May and June, will bring total shipments to nearly 125 million bushels above the original goal. July export quotas of nearly 55 million bushels of grains has been announced to start the 1947-48 marketing year export program.

Following statements, summarized from recent newspaper stories, reveal that due largely to weather, the food crisis continues:

- England -- British farmers will fall 20 percent short of their wheat goal because of a severe winter and early spring floods. Livestock losses are extremely heavy.
- France -- A large part of the winter wheat was wiped out by one of the most severe winters in more than half a century.
- Rumania -- Drought resulted in failure of last year's corn crop and brought famine to Moldavia and to some other areas of the country.
- Austria -- Went through a severe food crisis last summer and early fall, during which her average ration was well below 1,550 calories a day.
- Italy -- Even last fall the food supplies available to the non-farm population were less than 2,000 calories a day.
- British and American Zones of Germany -- Throughout these merged zones, rations for the ordinary population are about 200 to 300 calories short of the standard 1,550 daily schedule.
- Poland, Hungary, and Portugal -- Below 2,000 calories a day.
- Greece, Yugoslavia, and Bulgaria -- Average daily calories intake has ranged between 2,100 and 2,400.
- Switzerland, Belgium, and the Netherlands -- Diets have shrunk slightly.
- Czechoslovakia, Norway, Sweden, and Finland -- About 2,600 calories a day.
- Asia -- Officials of 16 countries, meeting in Singapore, predicted a seriously shortened supply of the staple food of rice in the next 6 months. Since the end of the war, world rice exports have been estimated at 2 million tons as against 7 million in 1941. The average Asiatic consumer receives about one-third the amount of rice necessary to maintain his standard diet.

Ad # 111
United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

May 28, 1947

JUN 6 1947

LIBRARY
CURRENT SERIAL RECORD

U. S. DEPARTMENT OF AGRICULTURE

AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester

A. W. Manchester

Director, Northeast Region

HOUSE APPROPRIATIONS COMMITTEE
RECOMMENDS 165.6 MILLION FOR
1947 ACP; NOTHING FOR 1948

The following is quoted from the Department of Agriculture Appropriation bill report as recommended by the House Appropriation Committee May 23, 1947:

"For the fiscal year 1948 (1947 ACP) there was before the committee a request for \$301,720,000 with which to carry on the so-called agricultural adjustment program, better-styled conservation and use payments under the administration of the Production and Marketing Administration. For the fiscal year 1947 there was available for this purpose \$314,246,000. For 1948 the request calls for a direct appropriation of \$201,720,000 and the transfer of \$100,000,000 from section 32 funds, making a total of \$301,720,000.

"Of this amount roughly \$267,000,000 is disbursed to farmers in the form of cash payments and advances for soil-conservation materials and the balance, aggregating about \$34,000,000, is devoted to administrative expenses at national, State, and local levels.

"The field expense at the county level for administering this program totals about \$24,500,000 and embraces the per diem services of 9,087 county committeemen and 97,663 community committeemen.

"For National and State administrative purposes the cost is estimated at \$9,095,368 and involves the services of 481 persons at the departmental level, and 2,630 at the State level.

"After full consideration of the matter the committee determined that funds for payment to farmers for soil conservation practices should be reduced by \$117,620,754, leaving a balance for this purpose of \$150,000,000 as distinguished from the \$267,620,754 requested. In addition the committee provided that administrative expenses at the National and State level should be reduced from \$9,095,368 to \$1,950,000 and that expenditures at the county and community level should be reduced to the sum of \$13,050,000. The foregoing reduction of administrative cost is made possible under the following provision which has been inserted in the bill:

Provided further, That payments to claimants hereunder shall be made upon the certificate of the claimant, which certificate shall be in such form as the Secretary may prescribe, that he has carried out the conservation practice or practices and has complied with all other requirements as conditions for such payments and that the statements and information contained in the application for payment are correct

and true, to the best of his knowledge and belief, under the penalties of the Act of March 4, 1909, as amended (18 U. S. C. 80).

"The above provision eliminates entirely all the work heretofore performed by members of the county committees or their staffs in checking the accuracy or the veracity of the statements by farmers of their performance of the prescribed conservation practices and of their compliance with all other requirements upon which payments are conditioned. The committee believes the certificate of the farmer under the formalities prescribed will be as dependable as the income taxpayer's certificate of the correctness of his return made under precisely similar penalties.

"The reduced allocation for administrative expenses at the State and National level should be entirely adequate in view of the fact that the bill prohibits any expenditure in the formulation of a 1948 program.

"Full power has been given to the Secretary to prescribe the form of the certificate to be signed by the farmer claiming payment. It is anticipated that the form prescribed will require the claimant to specify the several prescribed practices and conditions with which he has complied--as he is now required to do--and that it will carry suitable reference to the statute under the provisions of which his certificate is required to be made. The county committee and its staff will, of course, render the farmer such assistance as he may require in filling out his application for payment.

"In addition, a proviso is recommended so that where unexpended funds are available from one area or region, these may within the discretion of the Production and Marketing Administration, be made generally applicable to other areas and regions.

"In addition, the committee has stricken from the bill the language which would authorize a \$200,000,000 program for the crop year 1948 for this general purpose."

DEPARTMENT ACTS TO GET	In order to comply with recommended reductions by the
PROGRAMS AND PERSONNEL	House Appropriations Committee, the Administrator's
IN LINE WITH HOUSE	Office of PMA sent the following telegram to all
COMMITTEE RECOMMENDATION	State Offices May 23:

"House Appropriation Committee reported Department of Agriculture Appropriation Bill today. Following reduction from Budget recommended: Conservation and Use \$301,720,000 to \$165,614,290; School Lunch \$75,000,000 to \$45,000,000; Section 32 \$148,000,000 to zero; Sugar \$50,000 reduction in administrative expenses; Crop Insurance \$9,000,000 to \$1,000,000; CCC, no change. Consolidated account (administrative funds for all programs) for Washington and State offices from all appropriations reduced from \$12,355,607 to \$4,037,779; for county offices from \$23,129,152 to \$14,608,620. Until further notice, issue no purchase orders for conservation materials and services; cancel purchase orders in hands of farmers and vendors on which work has not been started in the case of services and on which delivery has not been made in the case of materials and seeds; notify all materials contractors to discontinue delivery of material which has not been loaded; and suspend all contracts. Until further notice, suspend 1947 ACP sign-up; suspend substitution of practices on farm plans; and issue no further notices of minimum assistance on farm allowance. Percentage cuts in administrative expense funds included in State office consolidated account are: Conservation & Use, 78%; Sugar, 4%; Crop Insurance 100%; Fat Salvage 100%; Subsidy Payments 100%; Section 32, 100%; School Lunch 60%. Prepare separation notices for 90% of the

State office employees and hold until further notice. Prepare without approval of Area Personnel offices except in New Hampshire, Nevada and Hawaii. This action necessary to safeguard funds which will be available after July 1, if present cuts are sustained. As many notices as possible will be cancelled if funds are restored.

"'Delivery' with respect purchase orders means actual delivery to farmer. 'Cancel' with respect purchase orders means issue written notice cancellation all known vendors. Recover purchase orders where possible. Delivery all contract material shall be stopped immediately except that any contract material already loaded for movement government bill lading may be delivered to farmers since title is already in government. 'Suspend all contracts' means suspension of delivery. Superphosphate and limestone contractors will be notified suspension delivery by Washington contracting officer."

WAR DEVASTATION BRINGS
US BACK TO ELEMENTALS,
SAYS ACHESON

"The devastation of war has brought us back to elementals, to the point where we see clearly how short is the distance from food and fuel either to peace or anarchy," Dean Acheson, Undersecretary of State, told the Delta council at Cleveland,

Mississippi, recently.

The war has produced a staggering disparity between United States production and production in the rest of the world, he said. This country has been spared physical destruction and has been favored with "unusually bountiful crops," he pointed out.

We are carrying out an extensive program of relief and reconstruction, he told the group. "The contribution of the United States is best measured not in terms of money but in terms....of food, clothing, coal, steel, machinery....that the world needs...."he continued.

"These measures of relief and reconstruction have been only in part suggested by humanitarianism," Acheson said. There can be no political or economic stability in the world and no lasting peace or prosperity until the various countries of the world get on their feet, he stated.

He compared our estimated 1947 exports of \$16 billions - which represent one month's output for each man and woman in the United States, one month's output from every farm, factory, and mine - with the prewar average annual exports of \$4 billion.

We are importing about half as much as our exports come to, he said. The difference is being financed by loans and grants-in-aid by the United States government and by the Export-Import bank, the International bank, the International fund and other means.

We must take as large a volume of imports as possible to bridge the financial gap between what the world needs and what it can pay for, Acheson continued.

"There is no charity involved in this, he said,...."The only sound way to end this deficit spending is by accepting increased quantities of goods from abroad."

Acheson said that the Geneva trade conference must succeed because "our position as the world's greatest producer and creditor nation demands that for a long period we accept an even larger volume of imports."

MANY FARMS STILL IN
LOW INCOME GROUP

Farms of the United States produced crops valued at 8 billion dollars in 1939, 18 billion in 1944, and 25 billion in 1946. War and after-the-war needs boosted the farm production index from an average of 100 for the 5-year period 1935-39 to 132 in 1945. Food grain production jumped to 154, truck crops 143, meat animals to 145 and poultry and eggs to 155. Figures are from the Bureau of Agricultural Economics.

A BAE analysis of the 1944 census figures indicates a wide variation in income between farms of different size and kind. The production which accounted for the 18-billion-dollar farm income that year was divided about as follows:

Farms numbering 1.9 million produced 14.4 billion dollars worth of products, roughly \$7,500 per farm. The remaining 3.9 million farms produced 3.6 billion dollars worth of products, an average of \$900 per farm.

The top third of the farms produced four fifths of the products.

The bottom third of the farms produced one twenty-fifth of the products.

Census figures also show that, in spite of favorable prices, about 100,000 farms were abandoned in 1944, about 2 percent of the total.

At the other end of the scale, 30,000 farms had an output valued at \$40,000 or more - less than 1 percent of the farms producing 8 percent of the total in terms of dollar value.

(Last week in Agriculture in Action we used this same article but inadvertently omitted the table on Parity Ratio.)

A Re-print:

PARITY RATIO INDICATES FARM
NET INCOME ABOUT 4% BETTER

A straight comparison of the change in the parity ratio in comparable periods of 1946 and 1947 gives an indication that farmers' net income is only 4 percent greater in the first four months of 1947 than in the same period of 1946. This is in spite of the fact that farmers' gross income is 26 percent larger than a year ago.

Assuming no material change in quantity of farm products sold by farmers, the parity ratio table shown below gives prices received by farmers as a percent of prices paid farmers in the first four months of 1946 and 1947. For example, in April 1947, the parity ratio of 120 indicates that the level of prices received by farmers as related to the level of prices paid by farmers is 20 percent higher than in the parity base period (1909-1914), or 3 index points higher than April 1946. During the four months of 1947, however, the average is about 4 percent greater.

	PARITY RATIO	
	1947	1946
Jan.	121	116
Feb.	119	116
Mar.	123	116
Apr.	120	117

SUPERPHOSPHATE 59% ORDERED;
11% DELIVERED AS OF APRIL 30

The table shows the status of super-phosphate orders and deliveries by States as of April 30, 1947. The

report covers super furnished as conservation material under the 1947 ACP.

State	ORDERS ISSUED OR RECEIVED			DELIVERIES MADE	
	: Estimate of	: From	: % of	: Billed by	: % of
	: Tonnage to	: County Office	: Estimated	: Suppliers	: Estimated
	: be Ordered	: (Tons)	: Tonnage	: (Tons)	: Tonnage
Maine	9,776.00	7,149.55	73	1,052.25	11
New Hampshire	10,740.00	7,261.55	68	1,792.25	17
Vermont	19,939.90	3,000.00	15	236.50	1
Massachusetts	7,400.00	1,166.70	16		
Rhode Island	2,870.00	1,233.65	43	525.10	18
New York	111,004.75	78,728.95	71	10,034.00	9
New Jersey		2,550.00		1,642.00	
Pennsylvania	56,587.50	27,082.70	48	8,701.65	15
Totals	218,318.15	128,173.10	59%	23,983.75	11%

LIMING MATERIALS DELIVERIES
LAG BEHIND YEAR AGO. NOW
22%; YEAR AGO, 33%.

As of May 9, liming material furnished under the 1947 ACP was 22% delivered, compared with 33% delivered as of the same date a year ago.

The table shows the status of the program by States. Vermont continues to lead all others by a wide margin. No other State has received half its lime except New Jersey.

Excessive moisture conditions in Western New York and Pennsylvania have seriously delayed spread lime deliveries.

State	: Est. of	: Orders Re-	: Tons Reported:	% Col. 4:	% Col. 3:	% Col. 4
	: Tonnage to	: ceived from:	: Delivered by	: is of	: is of	: is of
	: be ordered	: Co. Office	: Suppliers	: Col. 3	: Col. 2	: Col. 2
	:	: Tons	:	:	:	:
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Maine	87,710	40,701	22,512	55	46	26
N. H.	41,737	26,002	7,936	31	62	19
Vermont	69,223	69,003	34,049	49	99	49
Mass.	79,309	56,243	20,274	36	71	26
R. I.	9,750	5,704	2,603	46	58	27
Conn.	68,340	44,970	13,456	30	66	20
New York	796,068	473,997	143,063	30	60	18
N. J.	72,695	59,085	40,950	69	81	56
Penna.	827,642	497,963	171,999	35	60	21
Region	2,052,474	1,273,668	456,842	36.0	61.9	22.3

THE THEME THE LAND--OUR HERITAGE RINGS
THROUGHOUT NEW HAMPSHIRE -- REVERBERATES
IN OTHER STATES AND D.C. AS CONSERVATION
WEEK ACTIVITIES CLIMAX PROGRAM

Somewhere between 800 and
1500 people will converge
on the campus of the
University of New Hampshire
at Durham June 3 to hear

Secretary Anderson address representatives of 40 organizations, agencies,
businessmen and the general public. Tickets are scarce and hard to get.
It will be a busy day at Durham around noon when the luncheon gets underway.

The Luncheon program includes an address of welcome by Governor Dale, who
recently issued a proclamation declaring June 1-7 Conservation Week in
New Hampshire. Master of Ceremonies will be Harold W. Stoke, President
of the University.

Dr. Fred J. Sievers, Director Mass. Experiment Station, is scheduled to
speak. To the county and State "Green Pasture Contest" winners, 33
awards will be presented at the luncheon, three for each county and three
to the State-wide winners, along with a prize of a \$100 and \$50 U. S.
Savings Bond, to the winner of the N. H. Milk Dealers Association essay
contest.

The evening of June 3, Secretary Anderson will also address a Tri-State
Rotary dinner at Dover. Rotary has declared their meeting an observance
of Conservation Week throughout their organization. Anderson is past
president of Rotary International.

In addition to New Hampshire people, delegations from all nine Northeast
States and Washington, D. C. will attend the noon luncheon. Farmer fieldmen
who will be in conference June 2-5 at Salem, Mass., will adjourn to Durham
on June 3. All State Directors and State Committeemen are invited and will
also confer June 4 to review current administrative and agricultural prob-
lems. PMA Administrator Gilmer, A. W. Manchester, Northeast Regional
Director, and several aides will comprise the Washington delegation.

The Land -- Our Heritage program which began April 18 has included the
following activities in addition to those discussed above:

1. 2500 posters
2. 100 window displays (pictures and posters)
3. Advertising sponsored by businessmen. Up to 100 and more ads per
county and some State-wide advertising.
4. Article in N. H. Troubador.
5. Editorial and 2-page spread in New England Homestead.
6. Weekly press and radio releases and special feature articles and
radio talks.
7. Numerous speakers on subject before many organizations.
8. Article in N. H. Health News
9. 50,000 leaflets distributed by Milk Dealers Association.
10. Five issues of "Conservation Round-up" to 1,250 agencies, organizations
and individuals.
11. Declaration of Conservation Month by State Grange

12. Declaration of Conservation Sunday, June 1 by N. H. churches
13. Declaration of Conservation Week by State school system
14. Governor's proclamation posters distributed to schools

Many are the other instances of excellent cooperation by many organizations and individuals within and without the State too numerous to include here.

It's been a busy spring in New Hampshire. May their pastures be greener, their farmers more prosperous, their tradesmen and industries busier, their children healthier. These people respect their heritage -- the land.

TRAINED MFN	The mechanical practices under the ACP are being speeded
SPEED UP	up in some of the North Central States by committeemen
CONSERVATION	who have learned how to use a level and to lay out
	contour lines.

In Iowa there are some counties that have as many as 16 committeemen who are working on laying out contour lines. The Triple A committeemen have found that it helps to get such practices as contour cropping established if a farmer can get someone fairly near home to run the lines for him.

In Illinois one county reported that one Triple A committeeman had laid out contour lines on two thousand acres. Another had laid them out on seven hundred acres.

WNBC, NEW YORK, SUGGESTS PENNSYLVANIA'S	"For my part," says
MIRACLE OF FOOD DAY BECOME NATIONAL EVENT	Thomas J. Page, WNBC Farm
	Director, "I was glad to have
had a share, however small, in your most worthy effort."	

Commenting further on Pennsylvania's Miracle of Food Day, Mr. Page told the Penna. State PMA Committee that "if you propose to make the observance of national scope, I should be more than glad to help."

On May 16, 17, 18, 872 Penna. churches observed the day and requested material from the PMA State Committee. Food production and conservation of the soil were emphasized.

THE NATIONAL FOOD SITUATION	Domestic food supplies for the late spring
	and summer will be as large as last year.
	Retail food prices will continue substantially
	higher than in the summer of 1946 but are likely to be somewhat lower than
	in recent months. Although total food supplies this spring and summer will
	be about the same as last year, supplies of eggs, chickens, vegetable oil
	products and possibly fresh vegetables will be smaller. Sales of ice cream
	and fluid milk and cream probably will be down. However, increases are
	expected for meat, lard, butter, cheese, evaporated milk, dry skim milk,
	fresh citrus, canned fruits, wheat and corn products, and sugar.

REGIONAL COMMITTEE MEETS
IN NEW HAMPSHIRE, JUNE 3-4;
GILMER SCHEDULED

After attending the Conservation Week activities on June 3, the Regional Committee of State Directors and State Committeemen will confer on June 4 at Portsmouth.

PMA Administrator Gilmer is scheduled to attend the meeting, along with A. W. Manchester, Regional Director, and others from the Regional office.

Up for discussion by the representatives of the nine States are the administrative and program problems arising from current action taken by House Appropriations Committee, marketing agreements and the 1947 potato price support program, consideration of potato marketing problems in 1948, ACP administrative policies, and other related actions.

GILMER TO ADDRESS
N. H. ACP COMMITTEEMEN

All county and community committeemen in New Hampshire will meet Tuesday, June 3, at Durham at 10:30 a.m. prior to "The Land --

Our Heritage" luncheon. Jesse B. Gilmer, PMA Administrator, will address the meeting.

NORTHEAST FIELDMEN TO CONVENE
IN SALEM, MASS., JUNE 2-5;
GILMER, WELLS SCHEDULED

The annual conference for all Northeast farmer fieldmen will convene at historic Salem, Massachusetts, June 2-5.

While the Salem "witches" have long since gone their unfortunate way and Gallows Hill has been "de-activated," the fieldmen will not lack for a good program.

PMA Administrator Gilmer and O. V. Wells, Chief, BAE and well-known to Northeast AAA people, are scheduled to address the group. Both have promised to come barring unforeseen circumstances. Previously Dave Davidson, Assistant Administrator PMA, had agreed to attend but has been prevented from doing so by a trip to the hospital. (Reported to be doing fine and be back on the job in a few weeks.)

A field trip to Maiden Hill Farm has been scheduled to see what ACP has done to help carve a farm out of New England scrub land, renew its fertility and make it an asset to the owner and the community. It now supports 150 head of purebred Ayrshires where there was nothing before but grey birch and juniper.

Also scheduled is a trip to Durham, N.H. June 3 to hear Secretary Anderson and other speakers at "The Land -- Our Heritage" luncheon, part of New Hampshire's Conservation Week activities.

* * *

(Agriculture in Action -- issued weekly and distributed in the Northeast to State PMA Committeemen; State Offices of PMA; Farmer Fieldmen; County Offices in Mass., Conn., Pa., N.J., and N.H.; Co. Committeemen in N.J., Pa., N.H. & R.I.)